Housing Starts and New House Prices

New homebuilding activity stabilizing…

New housing starts in Alberta declined 13.6% between December and January to 23,600 units (seasonally adjusted at annual rates), roughly in line with demographic requirements. However, compared to January 2009, starts were up more than 50%. The high figures towards the end of 2009 may represent pent up demand as Albertans delayed housing purchases at the height of the recession due to economic uncertainty.

Housing starts in the Edmonton region began 2010 on a firm footing thanks to continued strength in single-detached starts. Compared to January 2009, starts were up 39.7%, the seventh consecutive month of year-over-year increases. New housing starts in the Calgary area were also higher on a year-over-year basis, more than twice that of the January 2009 level.

Prices remain stable in December…

New home prices in Alberta were unchanged in December, following a slight increase in November. Although prices were still 6.3% below the previous year's level, the pace of annual decline has moderated since April. Nationally, new home prices rose 0.4% in December, the sixth consecutive monthly increase, and were only 0.9% lower than a year earlier.

Rigs Drilling

Drilling activity picks up in January…

Drilling activity in Alberta continued to pick up in January, as the average number of rigs drilling was up 26.5% from December. Compared to January 2009, the average number of rigs drilling was up 9.3%, the first annual increase since November 2008.

↑	**Canadian Dollar (US¢/CS)**	
	February 12, 2010	94.96
	February 05, 2010	93.24
	2009-10 YTD	91.19
↑	**WTI Oil US$/bbl**	
	February 11, 2010	$ 75.28
	February 04, 2010	$ 73.14
	2009-10 YTD	$ 69.24
↓	**Nymex Natural Gas C$/MMBtu***	
	Near-month Contract	
	February 12, 2010	$ 5.74
	February 05, 2010	$ 5.95

*Estimate based on Nymex Futures Market Price

New Motor Vehicle Sales

Vehicle sales higher in December…

Following a decline in the previous month, new motor vehicle sales rose 3.9% in December. This was the third increase in four months and may be an indication of rising consumer confidence. Compared to a year earlier, sales were up 3.2%, the first year-over-year increase since February 2008.

International Merchandise Trade

First annual trade deficit in 34 years…

Canada's trade deficit with the rest of the world widened by $45 million in December. This resulted in an annual trade deficit of $4.8 billion, the country's first deficit since 1975. This was primarily the result of a strong Canadian dollar and weak US economy, which weighed heavily on Canadian exports in 2009.

Canada's merchandise exports advanced for a fourth consecutive month in December, up 1.7%, mainly on the strength of the automotive sector, while imports grew by a slightly greater 1.8%. The initial estimate of 5.7% for fourth quarter US GDP growth (annualized) suggested a widespread restocking of depleted inventories, and this likely explains the strong demand for Canadian exports. Canada's trade surplus with the US widened to $3.7 billion in December from $3.4 billion in November.

Alberta

CURRENT ECONOMIC INDICATORS

Overall Economy	2008	2009	2010YTD*	Aug	Sep	Oct	Nov	Dec	Jan
Real GDP (in 2002 $billions)	185.8	--	--	--	--	--	--	--	--
% change	0.0	--	--	--	--	--	--	--	--
Nominal GDP ($ billions)	291.3	--	--	--	--	--	--	--	--
% change	14.1	--	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,596	3,688	3,704	--	--	3,704	--	--	--
% change	2.4	2.6	2.3	--	--	2.3	--	--	--
Net Interprovincial Migraton[1] (level)	15,317	23,006	-2,535	--	--	-2,535	--	--	--
Net International Migration[1] (level)	20,039	20,074	7,976	--	--	7,976	--	--	--
Net Non-permanent Residents[1] (level)	18,536	19,058	2,439	--	--	2,439	--	--	--
Labour Market									
Employment (000's)	2,013	1,988	1,961	1,975	1,985	1,975	1,988	1,995	1,988
% change	2.8	-1.3	-1.6	-1.6	-1.9	-3.4	-2.3	-1.0	-1.6
Unemployment Rate (%)	3.6	6.6	6.6	7.3	6.8	7.2	7.1	6.6	6.6
Average Hourly Wage Rate	5.7	4.3	1.1	5.9	3.7	3.9	2.5	1.3	1.1
Average Weekly Earnings[2]	6.0	3.2	--	1.2	0.6	2.0	1.4	--	--
Labour Income[3]	8.7	1.7	--	-1.6	-1.9	--	--	--	--
Price Indices									
Consumer Price Index	3.1	-0.1	--	-1.7	-1.1	0.1	0.8	0.6	--
Excluding food and energy	2.1	1.4	--	1.3	1.4	1.8	1.0	0.7	--
Non-Res. Const. Cost Index[4] (quarterly)	13.2	-9.3	--	--	-14.8	--	--	--	--
Farm Product Price Index	11.2	-10.6	--	-17.3	-18.8	--	--	--	--
Crops	26.2	-22.9	--	-23.6	-20.2	--	--	--	--
Livestock	2.3	0.4	--	-15.4	-13.2	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	29.2	20.0	23.6	20.7	24.6	29.9	30.2	27.3	23.6
% change NEW!	-39.6	-31.6	51.3	-8.0	-0.4	19.6	46.6	52.5	51.3
New Housing Price Index	0.7	-9.0	--	-8.9	-8.9	-7.9	-7.1	-6.3	--
Edmonton NEW!	1.0	-11.2	--	-11.4	-11.4	-10.1	-9.8	-9.4	--
Calgary	0.6	-6.7	--	-6.3	-6.4	-5.6	-4.2	-3.1	--
MLS Average Resale Prices	-1.4	-3.1	--	0.2	1.3	2.6	3.5	7.0	--
Edmonton	-2.0	-3.5	--	-3.3	0.7	0.4	0.0	2.6	--
Calgary	-2.9	-4.2	--	-0.4	1.1	2.9	4.4	8.8	--
Retail Sales	-0.1	-9.3	--	-10.1	-8.8	-6.5	-6.9	--	--
New Motor Vehicle Sales NEW!	-7.3	-21.5	--	-20.6	-15.6	-13.3	-21.3	3.2	--
Business Sector									
Public and Private Investment[5]	3.6	-17.2	--	--	--	--	--	--	--
Mining and oil and gas[5]	-1.4	-28.2	--	--	--	--	--	--	--
Rigs Drilling NEW!	-2.1	-45.6	9.3	-62.7	-54.1	-50.9	-35.6	-3.8	9.3
Goods Exports (customs based)	34.6	-39.2	--	-42.6	-40.3	-39.6	--	--	--
Energy	42.5	-44.1	--	-45.1	-42.3	-41.3	--	--	--
Agriculture	32.0	-7.4	--	-9.3	-23.8	-23.8	--	--	--
Total Farm Cash Receipts (quarterly)	17.2	-6.7	--	--	-16.1	--	--	--	--
Manufacturing Shipments	7.0	-22.8	--	-25.9	-29.2	-23.0	-11.6	--	--
Wholesale Trade	10.9	-14.5	--	-22.5	-20.3	-24.1	-17.3	--	--
Building Permits	-16.5	-17.1	--	-7.6	-8.0	77.1	8.4	59.5	--
Residential	-31.5	-13.7	--	39.1	40.8	53.6	50.8	59.5	--
Non-residential	3.7	-20.2	--	-46.9	-46.0	101.3	-19.7	59.6	--

Government of Alberta
Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

[2] The average weekly earnings series was extensively revised on March 31, 2009 and is no longer comparable with numbers in previous Bulletins.

[3] Total income earning in Alberta including wages and salaries, and supplementary income.

[4] Average of Calgary and Edmonton.

[5] 2009 total based on revised investment intentions, 2008 preliminary actuals, and 2007 actuals; 2009 mining and oil and gas based on initial investment intentions

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Autumn 2009)											
Real GDP Growth											
2008 (actuals, Statistics Canada)	***0.4%***	0.5%	0.5%	2.2%	0.0%	1.0%	-0.5%	2.0%	4.2%	**0.0%**	0.0%
2009	***-2.3%***	-3.6%	0.9%	0.4%	0.4%	-1.4%	-2.9%	0.5%	-2.6%	**-2.6%**	-2.0%
2010	***3.0%***	-0.5%	1.8%	1.9%	2.0%	2.4%	3.2%	2.5%	3.7%	**3.0%**	4.2%
Population (As of October 1, 2009)											
Population	**33,873,357**	510,272	141,374	940,397	750,457	7,856,881	13,119,251	1,226,196	1,034,974	**3,703,979**	4,479,934
Annual Growth Rate[a]	***1.2%***	0.5%	0.7%	0.3%	0.4%	1.0%	1.0%	1.4%	1.6%	**2.3%**	1.6%
Net Interprovincial Migration											
2009 Census Year (July 1, 2008 to June 30, 2009)		2,332	-559	-1,255	-537	-10,666	-18,738	-1,541	4,108	**23,006**	4,673
2010 Census Year (July 1, 2009 to June 30, 2010)		863	-283	320	38	-120	-1,748	-712	823	**-2,535**	3,457
Employment											
Level Change (000s)[b]	**-6.0**	3.9	3.4	-6.6	-4.3	18.8	-8.3	6.3	-1.6	**-32.9**	15.1
Percent Change[b]	***0.0%***	2.0%	5.4%	-1.5%	-1.2%	0.5%	-0.1%	1.1%	-0.3%	**-1.6%**	0.7%
Unemployment Rate, 2010 avg (SA)	***8.3***	14.9	9.9	9.8	9.3	8.0	9.2	5.4	4.7	**6.6**	8.1
Participation Rate, 2010 avg (SA)	***67.1***	59.6	68.4	64.0	64.5	64.8	67.2	69.7	69.5	**73.4**	66.3
Average Weekly Earnings											
November 2009	**830.46**	823.79	692.89	733.10	751.11	764.37	856.57	783.65	816.31	**967.00**	798.86
Y/Y Percent Increase[c]	***1.5%***	4.7%	3.6%	1.8%	2.0%	2.1%	1.5%	3.6%	2.0%	**1.4%**	0.3%
2009 Wage Settlements (Jan-Dec)										**1.8%**	
CPI Inflation											
December Annual	**1.3%**	1.9%	3.0%	2.6%	3.0%	2.1%	1.2%	1.1%	1.1%	**0.6%**	0.4%
Excluding Shelter	**2.4%**	2.6%	4.0%	3.4%	3.6%	2.7%	2.4%	1.9%	2.1%	**2.3%**	1.9%
Housing Starts (000s)											
SAAR January 2010 NEW!	**186.3**	3.6	0.7	2.7	5.8	55.4	55.6	5.1	6.3	**23.6**	27.5
Retail Sales											
Percent Change[d]	**0.6%**	4.5%	1.3%	6.6%	3.7%	2.1%	1.3%	1.4%	-1.9%	**-6.9%**	2.0%
2009 YTD Retail Sales Growth	**-3.9%**	2.2%	-1.1%	-0.5%	-0.9%	-1.6%	-3.5%	-1.6%	-2.8%	**-9.3%**	-6.3%
Manufacturing Shipments											
Percent Change[d]	**-7.8%**	-7.9%	6.2%	-5.1%	21.8%	-4.0%	-9.3%	-13.7%	-13.4%	**-11.6%**	-10.8%

a. Over the past 12 months
b. January 2010 Y/Y change, unadjusted for seasonal effects
c. Updated to November 2009
d. November 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted, SAAR-Seasonally Adjusted Annual Rate
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada